

Labour Market Notes

Employment retreats in September

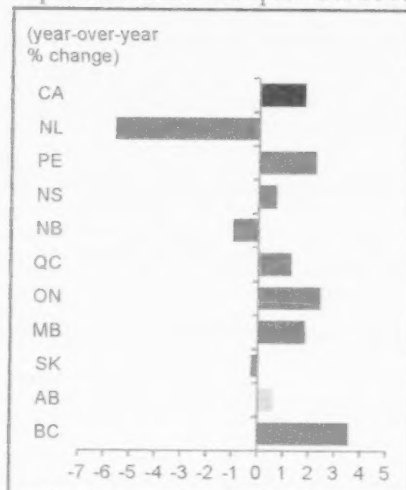
Alberta

- Employment takes a step back. After a modest gain in August, employment in Alberta fell by 7,800 in September.
- Private sector and self-employment pare gains. Private sector employment (-4,100) gave back almost half of last month's gain while self-employment (-3,000) completely reversed the August gain. Public sector employment was little change (-700).
- Transition to full-time weighs on the recovery. The shift from part-time (-9,900) to full-time jobs (+2,300) continued in September. Full-time employment has been leading the recovery, increasing by 52,800 since the July 2016 low, while part-time employment has declined by 23,700.
- Goods sector is improving. Goods sector employment advanced for the second month in a row (+2,900) to reach its highest level since April 2016. Employment in the goods-producing sector has increased steadily in 2017 and now accounts for 85% of the employment gains since the July 2016 low.
- Service sector fade. Employment in the service sector declined for the third month in a row (-10,600) as employment in the accommodation and food services (-7,800) declined after seven consecutive monthly gains.
- Year-over-year job growth slows. Despite the monthly decline, employment continues to advance over last year's level. Employment increased by 13,300, or 0.6% over last September, the slowest rate in six months.
- Unemployment rate drops. Despite the decline in employment, the unemployment rate decreased by 0.2 percentage points to 7.9% as the labour force participation dipped to a fifteen month low.
- Earnings decline in July. After a large gain in June, Average Weekly Earnings (AWE) fell 0.9% in July to \$1,125. Compared to a year ago, earnings are virtually unchanged, at a modest 0.1%.

Canada

- Employment gains continue. Canadian employment increased by 10,000 in September, the tenth consecutive monthly increase. The increase was primarily due to gains in Ontario (+34,700) which were partly offset by losses in Alberta (-7,800), Quebec (-7,600) and British Columbia (-6,700).
- Unemployment rate unchanged. With the employment gains, the Canadian unemployment rate was unchanged at 6.2% in September, remaining at the lowest level since October 2008.
- Canadian earnings ease. Canadian average weekly earnings (AWE) fell 0.1% month-over-month in July to \$970, 1.8% higher than a year ago.

Employment Growth by Province, September 2017 vs. September 2016



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,278,700
month-over-month change	7,800
year-over-year % change	0.6%
Alberta Unemployment Rate (UR)	7.9%
Edmonton UR**	8.5%
Calgary UR**	8.5%
Participation Rate	72.0%
Average Weekly Earnings (AWE)	\$1,125.07
year-over-year % change	0.1%
Average Hourly Wage	\$30.37
year-over-year % change	2.8%
Job Vacancy Rate***	1.6%

Source: Statistics Canada

* All data is from the September 2017 Labour Force Survey, except AWE which is the July 2017 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for June 2017.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

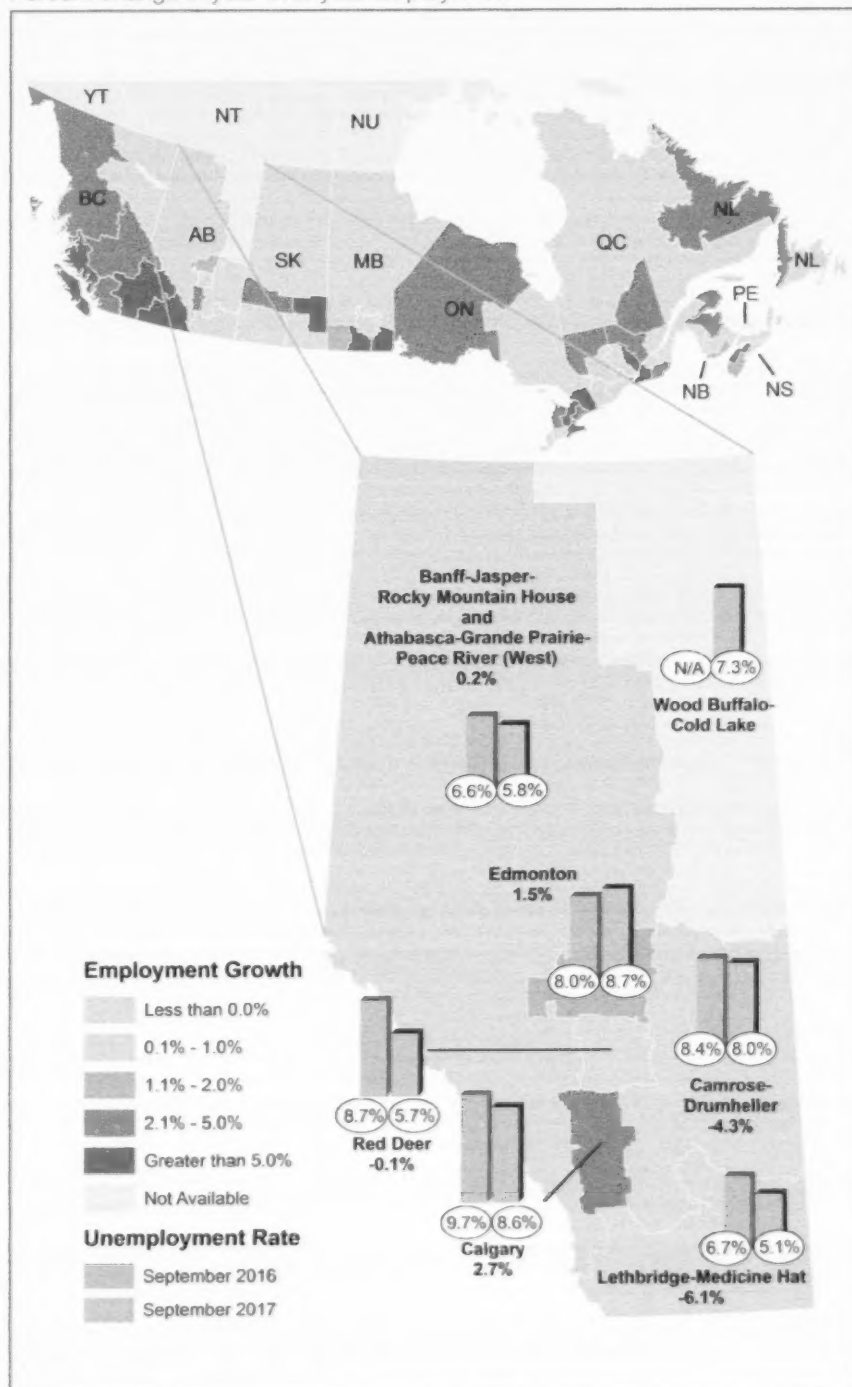
*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Regional labour market indicators

	2015	2016	2017 YTD
Alberta			
Population	2.2	1.3	0.9
Labour Force	2.6	0.6	1.0
Employment	1.2	1.6	0.7
Unemployment Rate	6.0	8.1	8.3
Calgary			
Population	2.9	1.8	1.3
Labour Force	3.7	1.3	3.3
Employment	2.2	-1.7	3.1
Unemployment Rate	6.3	9.2	8.9
Edmonton			
Population	2.3	1.7	1.3
Labour Force	2.9	1.3	0.3
Employment	1.9	-0.2	1.5
Unemployment Rate	5.9	7.4	8.5
West			
Population	0.8	0.0	0.5
Labour Force	1.0	4.2	0.0
Employment	-3.0	5.3	0.8
Unemployment Rate	5.9	6.9	6.7
Lethbridge - Medicine Hat			
Population	0.5	0.0	0.3
Labour Force	5.5	3.4	-4.4
Employment	4.4	1.5	3.1
Unemployment Rate	5.0	6.9	5.7
Red Deer			
Population	2.2	1.2	0.6
Labour Force	0.3	1.8	0.1
Employment	-2.7	-4.3	1.1
Unemployment Rate	6.7	8.6	7.8
Camrose - Drumheller			
Population	0.4	0.3	-0.8
Labour Force	-2.3	0.1	1.8
Employment	-3.5	3.4	0.8
Unemployment Rate	4.5	7.8	8.6
Wood Buffalo - Cold Lake			
Population	2.7	0.9	#N/A
Labour Force	3.2	2.6	#N/A
Employment	0.4	4.0	#N/A
Unemployment Rate	7.9	9.3	8.3

* Year-to-date (YTD) is the change in the average based on 3 month moving averages

Employment growth by economic region
Percent change in year-over-year employment



Source: Statistics Canada

The lag in the construction sector

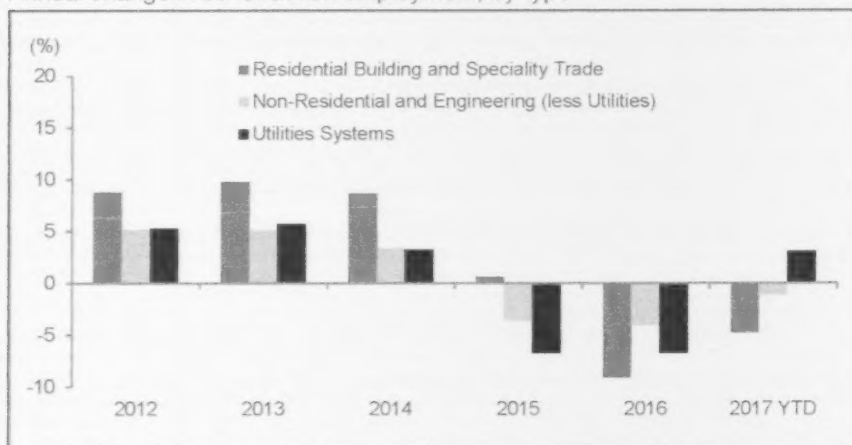
Over the last ten years Alberta has attracted a significant amount of investment, and the construction sector has grown to become the third largest industry employer. With the pullback in investment following the oil price shock, construction employment has lagged during the recovery. This labour insight looks at construction employment as reported by the survey of payrolls, employment and hours.

Construction activity declines during downturn

The construction sector was one of the hardest hit industries in the downturn. Investment in residential, non-residential, and oil and gas all saw significant

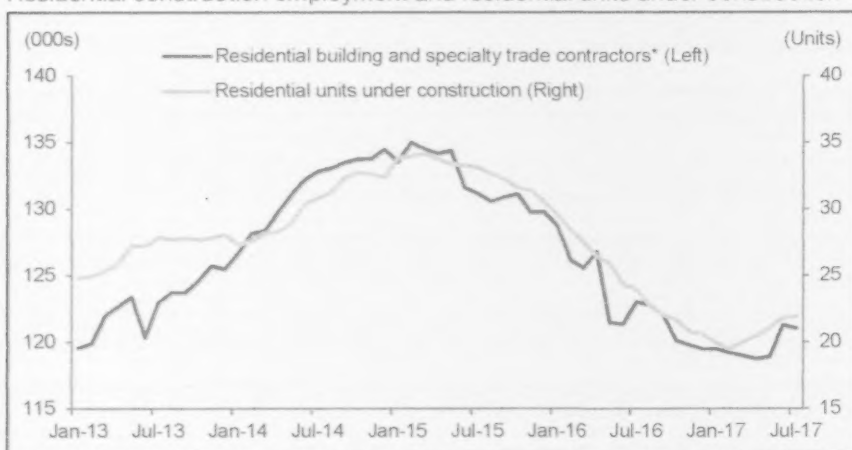
declines in 2015 and 2016. With the drop in investment, employment in the construction industry fell by over 37,000 between December 2014 and October 2016, second to the mining, oil and gas sector. Since then, the sector has only regained about 15% of employment losses. The lagged recovery is primarily because many construction projects underway prior to the recession continue to wind down, and the pace of new construction has slowed (Chart 1).

Chart 1: Construction employment remains weak in 2017
Annual change in construction employment, by type



Source: Statistics Canada

Chart 2: Building activity drives residential construction employment
Residential construction employment and residential units under construction



Source: Statistics Canada and CMHC, *seasonally adjusted by Treasury board and finance

Pullback in oil and gas

The decline in oil and gas investment is one of the main factors behind job losses in the construction industry. With large amounts of capital spending on engineering construction, and in particular utility system construction, the pullback in investment resulted in this employment subsector bearing the bulk of the job losses. Following the Fort McMurray wildfire in 2016, there have been modest job gains in engineering construction in the second half of 2016 and first of 2017; however, employment remains well below the pre-recession level.

Residential activity driving construction employment

While residential investment declined during the downturn, the response was delayed. The number of residential units under construction held up relatively well for most of 2015. Most of the employment losses occurred in 2016 when activity slowed considerably. The employment impact was felt in both residential building construction and specialty trades involved in finishing and renovating residential properties (Chart 2). Employment in these subsectors has picked up this year in line with residential construction activity, but also remains below 2016 and pre-recession levels.

Contact

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